

MINUTES
BOARD OF SUPERVISORS
COUNTY OF YORK

Adjourned Meeting
November 28, 2000

6:30 p.m.

Meeting Convened. An Adjourned Meeting of the York County Board of Supervisors was called to order at 6:53 p.m., Tuesday, November 28, 2000, in the Library of Grafton High/Middle School, by Chairman Walter C. Zaremba.

Attendance. The following members of the Board of Supervisors were present: Walter C. Zaremba, Sheila S. Noll, Donald E. Wiggins, James S. Burgett, and Melanie L. Rapp.

Also in attendance were Daniel M. Stuck, County Administrator; and James E. Barnett, County Attorney.

JOINT MEETING WITH THE YORK COUNTY SCHOOL BOARD

School Board Members Present: Don Felling, Chairman; Barbara Haywood; Barrent M. Henry; Mark Medford; and Page Minter.

Also present were Dr. Steven R. Staples, Superintendent of Schools; Richard M. Hixson, Deputy Superintendent of Operations; and Dr. Valerie A. Taylor, Assistant Superintendent for Instruction.

Mr. Stuck indicated that Mr. McReynolds and Mr. Jarrett would provide the two boards with an overview of the budget process at this time. He noted the briefing contained very preliminary information to give the boards an idea of what is being looked at and to show how the two gentlemen work together very closely during the budget process.

Mr. Dennis Jarrett, School Division Director of Finance, made a presentation on the revenue outlook for the School Division in FY2002. The revenue assumptions included an enrollment projection of 11,810 students and an impact aid projection of \$800,000 based on the FY2001 proposed Federal budget. He then discussed State revenue, stating that it was the second year of the biennium, and there would be very minor change, if any. No teacher salary increases had been approved as yet. The composite index will not change, and State tax collections are less than projected for the first four months of FY2001.

Mr. James O. McReynolds, Director of Financial and Management Services, then briefed the two boards on the FY2002 County revenue projections. In terms of local revenue, staff is expecting property taxes to increase 4 to 4.5 percent and other local taxes increasing only 3 to 3.5 percent. All other local revenues are expected to rise only 1 to 2 percent. On the State side, the County should see a 2 to 3 percent increase for shared expenses from the Compensation Board over the 2001 budget, and categorical aid and grants should remain level. Transfers for activities such as grounds maintenance and law enforcement should increase 2 to 3 percent, and other State revenue will show only a minor increase over the 2001 budget. Mr. McReynolds noted that compared to the FY2001 budget, only moderate growth is expected. Concerns include the strength of the economy, State funding of current programs, and State changes to taxing authority. Overall, the County can expect only a \$3 million to \$3.3 million

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increase over last year. He then discussed the employee compensation system, explaining that a benchmarking system is used for the non-licensed (non-teaching) employees, both County and School Division, through a comparison of pay scales in market areas to maintain competitiveness of the County's pay plan. Based on the benchmarking study, a 2.4 percent market adjustment would be recommended for FY2002 non-licensed County and School personnel.

Mr. Jarrett briefed on the licensed personnel (teaching) salary scale, noting that the scale was based on the work of the 1995 Compensation Committee. He explained the compensation lanes, indicating they were based on education level obtained, and that the goal of the Committee was for the personnel to be in the top third of the local market. He noted the County model maintains a pay plan which places starting salaries for positions near the middle of state-wide market area pay scales. The recommendation for licensed employee compensation in FY2002 would be \$482,000 for the step increases and a 2.9 percent market adjustment which equated to \$1.03 million.

Mr. McReynolds addressed the School Division/County funding requirements and issues which include:

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|---------------------------|-------------|
| • Contribution to Schools | \$1,200,000 |
| • Employee compensation | 1,000,000 |
| • New Programs/Personnel | 621,000 |
| • Meals/Lodging Tax | 110,000 |
| • Capital/Debt | 100,000 |
| • Shared/Regional | 100,000 |
| • Adult Incarceration | 250,000 |
| • Community Center | 200,000 |
| • New Quarter Park | 90,000 |
| • Senior Center | 45,000 |
| TOTAL | \$3,716,000 |

Mr. McReynolds indicated that with a projected increase in General Fund Revenues for FY2002 of \$3.3 million and currently identified funding requirements of \$3.7 million, there exists an estimated funding gap of approximately \$400,000. He also noted that no reductions in current expenditures had been factored into the figures.

Discussion followed regarding the anticipated increase of 4 percent to the School Division and how increases or decreases in funding by the State and Federal governments were factored into the County's contribution to the School Division. The two boards also discussed school funding increases over the last 10 years and the policy of the past several years to provide the School Division the same percentage of revenue increases as the County received.

Mr. Stuck noted his concern that there may not be any State revenue increase this coming year. There is no real enrollment increase projected for next year, and he stated he felt that the numbers provided this evening were very accurate according to the information available at this time. Mr. Stuck stated he felt it was going to be a very tight budget year.

Dr. Staples stated that Virginia was entering into the stages of a very serious teacher shortage. Average salaries will not bring in good teachers. About one-quarter of the new York County teachers come from out of state. He stated that adequate compensation for the School Division wasn't going to be a matter of discretion, but a matter of survival.

Discussion followed regarding the recruitment process for new teachers.

Chairman Zaremba then indicated that for the last four years at least the County and the School Division has finished up the year with a surplus, and the Board of Supervisors and the School Board then go through the drill of deciding how to spend the surplus. He suggested that both boards look at the excess and factor it into the front end of the next budget cycle.

Mr. Felling stated the School Division has an excess at the end of the year, but if it had a debit at the end of the year, there would be no way of paying for it. The School Division's budget surplus is somewhere in the range of \$350,000 which is a very small percentage of its overall budget.

Chairman Zaremba asked what was the latest news on the Lottery money.

Dr. Staples stated the Constitutional amendment states the money will come to the schools, but this is about the fourth time the General Assembly has said this. He indicated it would not preclude the General Assembly from taking the same amount from another funding source.

Mr. Stuck noted that several years ago the schools put together its technology plan with a price tag of about \$17 million, and we're making good progress on paying for it. The County is funding it without a separate bond issue. Without a surplus of some kind, this couldn't be done.

Mr. Felling stated that three years ago the School Board developed its budget using a near zero based budget approach, and it was planning on doing the same this coming year. He noted the process was very disruptive at the time, but it was found to be very helpful. The School Board will be looking at each line item, and it hopes to have a very efficient budget when an approved budget is presented to the Board of Supervisors. He suggested that the School Board come to a Board of Supervisors meeting once a month to provide a report on its progress.

Chairman Zaremba stated he felt that was a good suggestion. The Board of Supervisors wants to be a part of the solution to whatever the issues are, and it wants to keep the lines of communications open.

Meeting Adjourned. At 8:30 p.m. Chairman Zaremba declared the meeting adjourned to 8:00 a.m., Monday, December 4, 2000, in the restaurant of the Duke of York Motel, for the purpose of conducting a work session with York County's legislators.

Daniel M. Stuck, Clerk
York County Board of Supervisors

Walter C. Zaremba, Chairman
York County Board of Supervisors

